

SECRETARY OF DEFENSE WILLIAM J. PERRY
INTERVIEW WITH ELECTRONIC MEDIA REPORTERS REVIEWING 1994 AND CHALLENGES
OF 1995
PENTAGON
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Secretary Perry: Let me start off by a brief introductory comment. Recognizing that this is the end of the year--sort of pick up news of the year in review--news of defense in review. I'm going to organize those around the three different ways I think of my responsibility, which are: things we do to keep the nuclear threat from reemerging, things we do to manage the defense drawdown, and then third, the management of military operations--contingency operations.

On the first one, this has been an eventful year. We started off very significantly with something we called a pragmatic partnership with Russia--one important component of which was assisting them in dismantling their nuclear weapons. This was done under the so-called Nunn/Lugar program.

Closely related to that was the trilateral agreement--which was achieved very early in this year with Ukraine--between Ukraine, Russia and the United States, that agreed to dismantle all of the nuclear weapons in Ukraine so Ukraine would become a non-nuclear state. Very significant progress. The agreement itself, of course, was a real milestone. But during the year, we dismantled approximately 800 nuclear weapons, all of which had been pointed to the United States prior to that time.

In Kazakhstan, approximately the same number of nuclear weapons were dismantled. In Kazakhstan it was a focus on SS-18s. And in Ukraine it was SS-19 and SS-24. Three different ICBMs that were in the former Soviet Union.

We have about that many more nuclear warheads to dismantle, most of which we expect to do in the year to come. Then the other nuclear states of the former Soviet Union, Kazakhstan, Ukraine and Belarus, will be nuclear-free. That will be a substantial accomplishment.

We still have the challenge ahead to keep this program sustained in the year ahead of us. But we're really on track and making very good progress.

In Kazakhstan we also had the Project Sapphire which took several hundred kilograms of highly enriched uranium from the place where it was being stored in Kazakhstan to Oak Ridge in Tennessee for permanent, safe storage. This was a major step forward from a non-proliferation point of view, because we were concerned about the possibility of that material being somehow obtained by one of the states that may want to achieve nuclear weapons.

All of these were directed toward the non-proliferation goals, and particularly towards reducing and controlling the supply of nuclear weapons and nuclear material--fissile material.

The other half of the non-proliferation objective is controlling--limiting--demand. The most significant accomplishment during the year, there, was the framework agreement with North Korea--whereby we got an agreement with the North Koreans to freeze their nuclear program. This was a program which was on the verge of producing enough plutonium that could make four or five nuclear bombs, and had under construction enough facilities that could make plutonium that could produce 10 to 12 nuclear bombs a year. The framework agreement with North Korea froze that program.

The challenge for the coming year will be implementing that agreement. We'll have to work with North Korea--which has always been difficult for us. We have to get support from Japan and the Republic of Korea. In particular, they are funding the light water reactor which is a part of the deal for the North Koreans agreeing to give up their nuclear weapon program. And we have to build up support in Congress for this agreement. All of those challenges remain ahead. So the framework agreement has been reached, but that's just the first step in a long journey to try to get it implemented.

In the area of managing the defense drawdown--more generally managing the huge defense program we have--I think it was an important achievement in the area of putting together the defense program and the defense budget. This was done during '94, but it was the FY95 budget which, on the one hand, was an honest budget. That is, the dollars which we requested in the programs identified truly

reflected what it would take to do the programs that were proposed. There was no smoke and mirrors in this budget. There was, however, in the long term, by this so-called future years defense program that went with the budget, there was a wedge. That is, there were some elements of funding which we indicated that we needed that we did not have the funds allocated for. That was one deficiency in that FY95 budget.

The budget was not only honest, but it supported the Bottom-Up Review. That is, it was tied to a military strategy which we had developed in a previous year. Because it was honest--because it supported the strategic view--we were able to successfully defend it to the Congress. So we were able to achieve the rather unusual accomplishment of getting a program approved by the Congress very, very close to the program that we proposed. Just a fraction of a percent off the actual program that we proposed.

The challenge in '96 will be to repeat that performance. The '96 budget, which is going through its final stages right now and will be submitted to the President in a matter of days now, will again be an honest budget. This time it will be an honest budget with no wedges; that is, no unallocated funds. When President Clinton authorized the additional \$25 billion for the six years of this defense program. He provided enough resources that we were able to put together a budget in which all of the programs in the budget over this full six-year period are accommodated in the funding.

It will be a budget which, again, supports the Bottom-Up Review, and one which strongly supports our readiness. We will be able to defend the readiness in this budget clearly and firmly.

I met, by the way, with each of the Chiefs discussing this budget and how it affected their services. The first question I asked each of them was, "Will you be able to support the readiness of your forces with this budget?" The answer to each of them was yes. But the answer to each of them also had a qualification. The qualification was that if we have contingency operations next year which draw funds from the readiness accounts, then that would have an adverse affect. So the challenge we have in '96 is, first of all, getting this budget approved by the Congress; and then secondly, having a program whereby we can get supplemental appropriations quickly if we are requested to do contingency operations beyond that--in particular, contingency operations that have already started and require supplemental appropriations early in this calendar year. So we will be going to the Congress very soon in the first quarter of next year, requesting supplemental appropriations to deal with the contingency operations already underway.

We have added to this budget two major initiatives. One is a Readiness Initiative and the other is a Quality of Life Initiative. I announced the Quality of Life Initiative some weeks ago and explained some of the details of that. That is reflected in the budget which will be going over to the President, and it's going to make a major difference in being able to support not only the immediate readiness of the forces, but the readiness over the longer term by maintaining the morale and the capability of the soldiers, sailors, airmen, and Marines who make up the force.

We have three other management initiatives I want to mention very quickly. One of them is acquisition reform. We got landmark legislation this past year which allow the Defense Department to make changes in the way we procure material and equipment--allow us to do it much more in a commercial--the way commercial enterprises buy their equipment.

The challenge is now on us to change our procedures--change our ways of buying to take advantage of this new legislation. We are in the process of doing that as I speak. And I expect to see very substantial improvements--very substantial results--already in this coming year as a result of those changes.

We also are making major changes in the way we specify our equipment, changing over from the so-called MilSpecs--the military specifications--to a much more extensive use of industrial specifications.

Finally, the last management issue that I wanted to mention was the BRAC--the Base Realignment and Closing. We had this year a major achievement, I believe, with assisting the communities to develop and implement their reuse plans for the base closings that were announced in '93 and in earlier years -- '91 and '88. I think a particularly significant example of that was the closing of Fort Ord. During the year, we were able to convey over to the State of California the property needed and the building needed for the new campus for the California State University. This was a very substantial and significant reuse of that property. That's already been achieved and they're scheduled to start classes on that campus in the coming year.

The challenge in this coming year--in '95--is that we have one more BRAC ahead of us: BRAC '95. We will be proposing closing or restructuring additional bases. The reason we'll be proposing that is because we still have more bases--more infrastructure than we need to support the size of the force we now have. If we keep that unnecessary infrastructure, then we will take on an overhead burden which will mean we'll be able to have less capable forces. So we will have one more round of base realignment and closing, and that will be in '95.

The final thematic point I wanted to make to you in terms of achievements in '94 and challenges in '95, have to do with the support for contingency operations. I think Rwanda was a particularly interesting operation during the year in that it was the use of military forces for a humanitarian operation. Two noteworthy achievements there. The first one spelling out in clear and understandable terms the criteria by which we would use military forces for humanitarian operations. Rwanda clearly applied to those. There were criteria which limited it to those very serious emergencies. That is, emergencies that have a profound impact in terms of potential loss of life--and where the U.S. military had a unique capability. We were the only ones that could make the difference.

So setting the limits on entering these humanitarian operations was set and applied during the year. And we also had a very clear exit strategy in Rwanda, and indeed, executed that doing the mission we set out to do--and leaving promptly, in fact, a little ahead of the schedule that we set for ourselves.

In Haiti, we had, I believe, an outstanding military operation that took place for peacekeeping purposes. One of the most notable events, I think, in the Haiti operation was the very successful use of civil military units that were deployed all over Haiti in the small towns throughout the country. I would call that to your attention as an example of an outstanding use of military forces for peacekeeping operations.

Our challenge in this coming year will be exiting--will be winding down--the supports we have underway there. We've already gone from over 20,000 military forces there down to 6,000. In January, that number will drop even lower. Then we will make a transition of the forces over to a United Nations peacekeeping force. But that stands, I believe, as an outstanding example of how military forces can be successfully used in a peacekeeping operation.

Bosnia. The Administration has been criticized for the ongoing tragedy in Bosnia today. I'll make a few positive comments on that, just to put that in perspective. We have succeeded in not being drawn into a war in Bosnia. I make that point because there has been much pressure pulling us in that direction. We have succeeded in substantially limiting the levels of violence in Bosnia through our systems--both through the military assistance in curtailing the scope of military operations, and through our humanitarian systems in airlifts and airdrops.

We have not been able to bring about a peace agreement. The challenge in '95 is to participate in the ongoing multinational efforts to bring about a peace there and see if we can really achieve a lasting and just peace in Bosnia.

Finally, a comment on Iraq. Two important points there. First is we quickly recognized what was happening there and made a prompt decision to insert military forces; secondly, we had already achieved forward basing of forces which allowed us to convert that quick decision into a quick deployment of forces. The challenge in the coming year will be to deter any other moves on the part of Iraq to do that.

We have augmented the forces that we have over there. That is, we are increasing our forward basing so that we will be better able, first of all, to sense in real time what is happening there and we can respond very quickly if Iraq makes that sort of a provocative deployment again.

Now with those opening comments, let me pause and ask for questions.

Q: Now that Congressman Richardson is back from North Korea, what do we know, if anything, about the cause of Chief Officer Hilemon's death? What do we know, if anything, about the prospects for the release of Bobby Hall?

A: We're going to have to wait on the first question--on the cause of Hilemon's death... Congressman Richardson has some second-hand information on that, but we're really going to have to wait until we have a careful examination of the body, and until we can talk with Warrant Officer Hall before we can come to a definitive judgment on that. I don't have substantial information on that.

In terms of the release of Hall, I have nothing to add to what Congressman Richardson announced yesterday--which is that he is hopeful that Hall will be released very soon. We are also hopeful of that. Our information on that is based primarily on his input.

Q: Can you give us any indication why the North Koreans aren't releasing him? What is it they want?

A: They told Congressman Richardson that they are conducting an investigation into the helicopter--they're interrogating Hall, they're reading the documents that were with the airplane--so that they can come to an independent conclusion as to whether our statement that this was an accidental entry into North Korea is correct. We're not concerned about the outcome of that investigation, because we're confident of our facts. This was entirely an accident on the part of the pilot, and was in no way a planned entry into North Korea.

Q: Mr. Secretary, may I first wish you and yours a very blessed and Merry Christmas, and a rewarding and fulfilling new year.

A: Thank you.

Q: A parochial question. In a sense you covered it in your early remarks. Ben Richard on the "Skunk Works" cites your wisdom and far-sightedness for bringing stealth technology on-line, and with the current drawdown and with the base closings and more coming up, many engineers and technicians in California and elsewhere are going to have to look for other means of endeavor.

As Defense Secretary, do you feel that this technological brain drain impacts on our national security? And if it does, is there anything this Administration and new Congress should be doing about it to reverse it?

A: I think it's very important to maintain a high level of technical defense technology capability in the United States. The things that we're doing to achieve that are two-fold. First of all, we are preserving the technology base portion of the defense budget even as the procurement end of the budget goes down. Just as we're preserving readiness because of its long term impact, we're also preserving the technology base portion of the budget because of its long term impact and because of the years and years it would take to rebuild it if we once let it deteriorate.

Secondly, we are preserving some part of that production base which are unique to defense. I have commented before on the importance of continuing to build nuclear submarines, because of the unique nature of that. There's no construction work we have going on anywhere in commerce that relates to building a nuclear submarine. So we are continuing to build nuclear submarines as a means or preserving that industrial base. An even more important way of preserving the industrial base--though, goes back to the acquisition reform and MilSpec changes that we're making. That is allowing defense equipment to be built by the entire industrial base, not by a very narrow protected portion of it called the defense industrial base. In order to do that, we have to open up our specifications to industrial specifications, not limit them to mil specifications. And we have to basically integrate our defense industry into our national industry. Those are the steps that we're taking to preserve that long-term capability.

Q: Will this allow a procurement over years which is contrary to established policy?

A: In the budget which we will submit to the Congress early next year, there will be in the out years of this budget a substantial increase in the procurement funds which will start to pick up then, some of the R&D programs that are being supported in the early years of the budget, because we do have a problem not only of sustaining the industrial base, but of recapitalizing the force as our equipment starts to get older and more obsolete.

Q: Can we go back to North Korea for just a moment? Is this going to have an affect on the agreement about their nuclear facility? There have already

been calls for not sending the oil to them that we promised. Is this situation with the shootdown of the helicopter going to have an affect? And how can it not have some affect?

A: First of all, I believe that the agreement has very positive benefits for the United States--our security--and it's worth supporting in and of itself. There is no connection between the two of them in that regard.

It is certainly true that the implementation of the agreement requires working with the North Korean government. Therefore, any activity or any event on their part which would make it impossible to work with them, could get in the way of the implementation of the agreement. But in terms of... The agreement, as I said, and I want to emphasize it again, has value for the national security of the United States in and of itself. Therefore, I continue to support the agreement.

Q: Why is the U.S. resisting apologizing on North Korea's... We made a mistake, the U.S. acknowledged we made a mistake. Why not say we're sorry?

A: What I've said about that I will say again. It was a mistake on the part of the United States, and I said that for many reasons I regret that mistake. It was a pilot error. It was not a planned mission. We had no intention of... We regret that mistake.

Q: It's been close to a week since the chopper was forced down. We have many national technical means trained on that region of the world, various intelligence collection capabilities. Why don't we know where the chopper is and why don't we have more information on where Mr. Hall is?

A: We have intelligence collection resources which are very good at answering some questions. They are not very good at locating an individual in a closed society. I have to freely concede that. That's a very difficult task and it's one which our system is simply not designed to do.

Q: You mentioned the closed society. Does this incident give pause for concern about who you will be dealing with in implementing the framework agreement? Might this be a sign of a rivalry or a power struggle? An indication of that?

A: I think it would be premature to come to conclusions of that sort. I would want to watch very closely how this fully plays out in the days ahead, and then we can draw some conclusions on that.

Q: Back on the second-hand information from Congressman Richardson. What is the second-hand information as to the cause of Hilemon's death?

A: I think he gave a press conference on this subject. But what he reported to me was that the same as the North Koreans had announced publicly,

which was that the North Korean air defense system shot down the helicopter, and the pilot died because of trauma received in the crash. Now that's simply repeating what he said they told him. I do not have first-hand information on that subject. I'm not an independent source of information on that.

Q: Can we talk about base closing for a minute? There have been earlier predictions that this would be the "mother of all base closing rounds." Yet I believe I saw some remarks of yours in the last 24 hours or so suggesting it would be comparable, perhaps, to the '93 round as far as severity. Could you expand on that a little, please?

A: I believe that Secretary Aspin two years ago--at the time of the '93--did refer to either that one or the one coming up as the "mother of all base closings." That was a clever title. (Laughter)

This base closing... We will close as many bases as we effectively can. We've asked each of the services to do a tradeoff between facilities they needed and the savings they could get by closing the bases--a bottoms-up process. We did not give any of the services quotas for doing that.

I can tell you, though, that this one is going to be very difficult to make this one even as large as the last one simply because we've closed all the ones that were easy to close. Each base that the services are looking at now is a base which has been considered before and rejected for closure--usually for a very good reason--or it's been rejected by the Base Closing Commission. Therefore, this is going to be very hard to make this one even as large as the last base closing was.

Q: Are there any services... From what you understand of the preliminary list going around, from what you know about, for example, the Navy too probably the biggest hit two years ago... Is there any particular service that you think will face the heaviest cuts at this point?

A: We haven't given guidance to the services in that direction and I don't sense any bias in the services--for one service to go deeper than another service in that regard. I think each of them is simply looking at what can they do to reduce infrastructure and save overhead over the long term. Each of them is very different in that respect.

The Navy, for example. Most of their bases are located along the East and West Coast, for obvious reasons. The Army has many of their bases located inland. So there are different factors affecting these bases. They all have the quality, though, that they require large areas of land which have been preserved for decades. And now, if you once give up that land and start developing on it, there's very little prospect of ever being able to reconvert it to a base again. So we take the

view that when a base is closed, it's probably closed forever. We'll never be able to recover it again. So if the services think that way, they're reluctant to fully give up a ship yard or an air base because they recognize that they're giving it up forever, probably.

Q: You talked about supplemental funding in the next Congress and how much you need that. There's some indication the new Republican-controlled Congress may turn down your supplemental. If that happens, where does that leave you in carrying out these missions like Haiti? Will you still have people?

A: I have not sensed that indication myself. In my discussions with the members of the new Congress, including a discussion, I might say, this morning with Senator Thurmond and Congressman Spence who are going to be chairmen of two of the principal committees affecting the Defense Department, I specifically made the point to them how important these supplemental appropriations are, and I believe--based on that discussion--I believe they will support these appropriations.

The consequence of not supporting the appropriations is that we will have to take the money out of our operation and maintenance account which will affect the readiness. There's no question on that.

Q: ...Cabinet officers leave an Administration in mid-term, is this a farewell to arms, or do you plan to stay the course?

A: I plan to stay the course.

Q: On Bosnia. Jimmy Carter has finished his round of negotiations. He has been roundly criticized by some people within the Administration, nameless I might say, for messing in things that he doesn't know anything about, and mixing up names and places and getting agreements that are hard to interpret.

First of all, how do you view President Carter's efforts over there? And secondly, what progress do you think is being made in specifics to enhance the ability of peacekeepers to do their job after your NATO meeting and the Hague meeting?

A: I'm not one who criticizes President Carter for his initiative. The negotiations that have been underway in Bosnia have not made much progress in the last number of months. One of the reasons they haven't is that not only the different sides involved, but the intermediaries involved--namely the Contact Group, have gotten locked into a fixed set of positions. Sometimes the advantage of a person coming in from the outside is he's not locked into those positions and he can consider and introduce different ideas. In generic terms, that's the advantage of having an outside mediator come in. That was the advantage which President Carter brought to this.

It's a very difficult problem. It is not at all clear to me that he is going to be successful in this, but I'm hopeful. The agreement he got gives us some reason to hope. We will have a much better way of gauging that hope in the next week--and in particular in the next few days--to see whether the ceasefire agreement is, in fact, accepted and implemented by the forces.

If that happens, and if we actually get the ceasefire agreement implemented, then we have some reason to hope that we can now start moving forward towards the two sides sitting down and trying to hammer out a peace plan which both of them can support.

Q: The specific measure which NATO considered and the Chiefs considered in the Hague to enhance the ability of the peacekeepers to do their jobs. Where does that stand, and can you talk about any of the sorts of things you are now pushing?

A: I can only repeat the kind of proposals which have been made by Minister Leotard which were high on the agenda of the Chiefs of Defense Staff, and those have already been reported to you. But it was securing a land route. There were two or three specific initiatives: opening the Sarajevo airport, restructuring, regrouping the forces to make them less vulnerable to being taken as hostage. Those were three out of perhaps half a dozen proposals which were considered by the Chiefs of Defense Staff in the Hague. Two of those in particular, perhaps the two most important ones, were remanded for additional study by the Chiefs of the Defense Staff, which study will be done this week. So when I get that report, which will be probably tomorrow, I will be in a much better position to know what has come out of that effort.

General Shalikashvili came back from that meeting feeling that it was a very productive and very useful meeting. But until we get the results of those two particular detailed investigations, I'm not prepared to say whether the changes that will be introduced as a result of that meeting will truly produce a significant result. The United States is prepared to support the changes recommended by those Chiefs of the Defense Staff to the extent of providing additional equipment and materiel if that turns out to be indicated.

Q: You touched on technology earlier on. What are the long-term prospects for the B-2 bomber?

A: Say that again, I didn't follow.

Q: There's been some discussion about how many B-2 bombers could be built. What are the long term prospects for it? There have been...

A: The procurement of the B-2 in particular?

Q: Yes.

A: I can give you a few facts and we can go from there. The first fact is that the budget which we will submit to the Congress early next year will only provide for 20 B-2s--the procurement, the deployment, the supplying, the operating of 20 B-2s. Secondly, we are doing, at the request of the Senate Armed Services Committee, a serious study--detailed study--which explores the possibility of buying more B-2s within the fixed budget we're already presuming. It involves making a tradeoff between B-2s and other tactical aircraft. The B-2s being used for the deployment of smart conventional weapons as opposed to nuclear weapons is that maybe they could do this job more efficiently than the other tactical aircraft that we were...

Then it says--to the extent that's true--let's trade off funds that way. If that study comes out with the conclusion that the tradeoff is one that should be made, then, even at the level of budget we've gone in now, there's a possibility that we would recommend additional B-2s.

The third fact is there was a funding authorized by the Congress in the FY95 budget which is sort of bridge funding to sustain the B-2 production line to allow time for this decision to be made. Those are the three facts that bear on this.

Q: At the beginning you mentioned the great success that you've had in dismantling nuclear weapons in the former Soviet Union. How concerned are you about material that is [apparently] leaking out from that part of the world?

A: On the warheads themselves, I would estimate that there have been perhaps as many as 6,000 warheads dismantled in Russia in the last year or year and a half. In the last year or two. In material, we have a profound concern of fissile material getting into the wrong hands, and the Russians do also, and have worked closely together with us to try to prevent that from happening. They, for example, supported our move to transfer the highly enriched uranium from Kazakhstan to Oak Ridge. We have supported them through the Nunn/Lugar program in ways of improving the control and accountability of fissile material as well as nuclear weapons.

We watch very, very carefully the various -- both through intelligence and through police reports -- the information about material leaking into other countries. So far, none of those reports indicate that any significant amount of weapons-grade material has fallen into the wrong hands. But there have been many cases where very small amounts of material--not enough to make a bomb, but still enough to worry you--and other cases where large amounts of material which

turned out not to be weapon grade that is--was--represented as weapon grade but it was a scam. The person who was selling it did not have access to the weapon grade material. So, we see all of that happening, and all of that is indicative that there is a lively market for weapon grade material. People are trying to buy it, and there is a criminal element trying to obtain it and sell it. I believe, that to this date, they have not been successful in transferring any significant amount of weapon grade material. But the fact that they have been successful in smaller amounts, or successful in larger amounts of non-weapon grade material, certainly suggests that it's an activity that has to be monitored very, very carefully. It's a matter of substantial concern.

Q: One more North Korea question. Are you at least encouraged by developments that you have seen in the last 24 to 48 hours?

A: Yes. I am encouraged.

Q: Do you know when the remains will be back in the States?

A: I do, and I think Ken can give you that information. We have that information and we'll be happy to share it with you. Thank you all, and Merry Christmas to all of you.

Q: Thank you.

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